

Frontier Communications of Illinois, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Staff Adjusted Amount</u>	<u>Company Adjustment</u>	<u>Company Adjusted</u>
1	Net Regulated Plant		\$ 7,649,721	\$ 36,371	\$ 7,686,092
2	Materials and Supplies Inventory		0		0
3	Customer Deposits		0		0
4	ADIT - Regulated Plant		<u>245,672</u>	<u>-</u>	<u>245,672</u>
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4	7,404,049	\$ 36,371	7,440,420
6	Working Capital Requirement				
7	Total Operating Expenses		1,987,244		1,987,244
8	Less: Depreciation Expense		<u>635,217</u>		<u>635,217</u>
9	Total WC Operating Expense	line 7 - line 8	<u>1,352,027</u>	<u>-</u>	<u>1,352,027</u>
10	WC OE Requirement	line 9 * 45 / 360	169,003	-	169,003
11	Commission-Ordered Cash Balance Requirement		<u>-</u>	<u>4,759,444</u>	<u>4,759,444</u>
12	Total Working Capital Requirement	line 10 + line 11	<u>169,003</u>	<u>4,759,444</u>	<u>4,928,447</u>
13	Total Rate Base	line 5 + line 12	<u>7,573,052</u>	<u>4,795,815</u>	<u>12,368,867</u>
14	Total Operating Revenues	Form 23A, P 11, Total	4,135,974	503,720	4,639,694
15	Less: Illinois High Cost Fund		<u>893,613</u>	<u>-</u>	<u>893,613</u>
16	Net Operating Revenues	line 14 - line 15	3,242,361	503,720	3,746,081
17	Total Operating Expenses	Form 23A, P 14, Total	1,987,244		1,987,244
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	0	-
19	Other Operating Taxes	Form 23A, P 15, 7240	<u>3,204</u>	<u>-</u>	<u>3,204</u>
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	1,251,913	503,720	1,755,633
21	Income Tax Expense	line 34	<u>496,596</u>	<u>199,811</u>	<u>696,407</u>
22	Net Operating Income	line 20 - line 21	<u>755,317</u>	<u>303,909</u>	<u>1,059,226</u>
23	Return on Rate Base	line 22 / line 13	<u>9.97%</u>	<u>6.34%</u>	<u>8.56%</u>
24	After-tax Cost of Capital		<u>10.45%</u>	<u>10.45%</u>	<u>10.45%</u>
25	Target Net Operating Income	line 24 * line 13	<u>791,384</u>	<u>501,163</u>	<u>1,292,547</u>
26	Adj to Achieve Target Return on RB	line 25 - line 22	36,067	197,254	233,321
27	Gross Revenue Conversion Factor	line 35	<u>1.6575</u>	<u>1.6575</u>	<u>1.6575</u>
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27	<u>59,781</u>	<u>326,949</u>	<u>386,730</u>
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20	1,251,913	503,720	1,755,633
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%	<u>89,887</u>	<u>36,167</u>	<u>126,054</u>
32	Net Op Inc before Fed Inc Tax	line 30 - line 31	1,162,026	467,553	1,629,579
33	Federal Income Tax Expense	line 32 * 35.00%	<u>406,709</u>	<u>163,644</u>	<u>570,353</u>
34	Total Imputed Income Tax Expense	line 31 + line 33	<u>496,596</u>	<u>199,811</u>	<u>696,407</u>
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .35))	<u>1.6575</u>	<u>1.6575</u>	<u>1.6575</u>

Frontier Communications of Illinois, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Net Regulated Plant		
2	Reduction to reserve balance due to	\$ 36,371	ICC St. Ex. 7.0, Sch. 7.10, pg. 2
3	Staff's depreciation adjustment		
4			
5	Commission-Ordered Cash Balance Requirement		
6	Cash balance requirement per Staff	-	
7	Cash balance requirement per Company	\$ 4,759,444	FC Ex. 1.0, Sch 1.09
8	Adjustment	\$ 4,759,444	
9			
10	Total Operating Revenues		
11	Interest Income adjustment associated		
12	with Commission-Ordered cash balance		
13	requirement	\$ 604,280	FC Ex. 2, Sch. 2.07
14			
15	Funding Difference--FTHCF Support		
16	Reversal of LSS component of		
17	adjustment proposed by Staff	\$ (100,560)	FC Ex. 2, Sch 2.08
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Frontier Communications-Midland, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Staff Adjusted Amount</u>	<u>Company Adjustment</u>	<u>Company Adjusted</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 5,725,750		\$ 5,725,750
2	Materials and Supplies Inventory	Page 2, 13-Month Average	4,422		4,422
3	Customer Deposits	Form 23A, P 8, 4040	-		-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	531,545		531,545
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4	5,198,627	-	5,198,627
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	2,220,362		2,220,362
8	Less: Depreciation Expense	Form 23A, P 13, 6560	648,313	-	648,313
9	Total WC Operating Expense	line 7 - line 8	1,572,049	-	1,572,049
10	WC OE Requirement	line 9 * 45 / 360	196,506	-	196,506
11	Commission-Ordered Cash Balance Requirement		-	980,039	980,039
12	Total Working Capital Requirement	line 10 + line 11	196,506	980,039	1,176,545
13	Total Rate Base	line 5 + line 12	5,395,133	980,039	6,375,172
14	Total Operating Revenues	Form 23A, P 11, Total	3,784,752	(5,206)	3,779,546
15	Less: Illinois High Cost Fund		950,825	-	950,825
16	Net Operating Revenues	line 14 - line 15	2,833,927	(5,206)	2,828,721
17	Total Operating Expenses	Form 23A, P 14, Total	2,220,362		2,220,362
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	9,067	-	9,067
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	604,498	(5,206)	599,292
21	Income Tax Expense	line 34	239,786	(2,065)	237,721
22	Net Operating Income	line 20 - line 21	364,712	(3,141)	361,571
23	Return on Rate Base	line 22 / line 13	6.76%	-0.32%	5.67%
24	After-tax Cost of Capital		10.45%	10.45%	10.45%
25	Target Net Operating Income	line 24 * line 13	563,791	102,414	666,205
26	Adj to Achieve Target Return on RB	line 25 - line 22	199,079	105,555	304,634
27	Gross Revenue Conversion Factor	line 35	1.6575	1.6575	1.6575
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27	329,973	174,957	504,931
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20	604,498	(5,206)	599,292
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%	43,403	(374)	43,029
32	Net Op Inc before Fed Inc Tax	line 30 - line 31	561,095	(4,832)	556,263
33	Federal Income Tax Expense	line 32 * 35.00%	196,383	(1,691)	194,692
34	Total Imputed Income Tax Expense	line 31 + line 33	239,786	(2,065)	237,721
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .35))	1.6575	1.6575	1.6575

Frontier Communications-Midland, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Commission-Ordered Cash Balance Requirement		
2	Cash balance requirement per Staff	-	
3	Cash balance requirement per Company	\$ 980,039	FC Ex. 1.0, Sch 1.09
4	Adjustment	\$ 980,039	
5			
6	Total Operating Revenues		
7	Interest Income adjustment associated		
8	with Commission-Ordered cash balance		
9	requirement	\$ 124,430	FC Ex. 2, Sch. 2.07
10			
11	Funding Difference--FTHCF Support		
12	Reversal of LSS component of		
13	adjustment proposed by Staff	\$ (129,636)	FC Ex. 2, Sch 2.08
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Frontier Communications of Lakeside, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Staff Adjusted Amount</u>	<u>Company Adjustment</u>	<u>Company Adjusted</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 1,020,701		\$ 1,020,701
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-		-
3	Customer Deposits	Form 23A, P 8, 4040	-		-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	77,845	-	77,845
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4	942,856	-	942,856
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	374,086		374,086
8	Less: Depreciation Expense	Form 23A, P 13, 6560	102,454	-	102,454
9	Total WC Operating Expense	line 7 - line 8	271,632	-	271,632
10	WC OE Requirement	line 9 * 45 / 360	33,954	-	33,954
11	Commission-Ordered Cash Balance Requirement		-	257,886	257,886
12	Total Working Capital Requirement	line 10 + line 11	33,954	257,886	291,840
13	Total Rate Base	line 5 + line 12	976,810	257,886	1,234,696
14	Total Operating Revenues	Form 23A, P 11, Total	633,241	25,926	659,167
15	Less: Illinois High Cost Fund		83,731	-	83,731
16	Net Operating Revenues	line 14 - line 15	549,510	25,926	575,436
17	Total Operating Expenses	Form 23A, P 14, Total	374,086		374,086
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	1,495	-	1,495
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	173,929	25,926	199,855
21	Income Tax Expense	line 34	68,992	10,284	79,277
22	Net Operating Income	line 20 - line 21	104,937	15,642	120,578
23	Return on Rate Base	line 22 / line 13	10.74%	6.07%	9.77%
24	After-tax Cost of Capital		10.45%	10.45%	10.45%
25	Target Net Operating Income	line 24 * line 13	102,077	26,949	129,026
26	Adj to Achieve Target Return on RB	line 25 - line 22	(2,860)	11,307	8,448
27	Gross Revenue Conversion Factor	line 35	1.6575	1.6575	1.6575
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27	(4,740)	18,741	14,003
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20	173,929	25,926	199,855
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%	12,488	1,861	14,350
32	Net Op Inc before Fed Inc Tax	line 30 - line 31	161,441	24,065	185,505
33	Federal Income Tax Expense	line 32 * 35.00%	56,504	8,423	64,927
34	Total Imputed Income Tax Expense	line 31 + line 33	68,992	10,284	79,277
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .35))	1.6575	1.6575	1.6575

Frontier Communications of Lakeside, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Commission-Ordered Cash Balance Requirement		
2	Cash balance requirement per Staff	-	
3	Cash balance requirement per Company	\$ 257,886	FC Ex. 1.0, Sch 1.09
4	Adjustment	\$ 257,886	
5			
6	Total Operating Revenues		
7	Interest Income adjustment associated		
8	with Commission-Ordered cash balance		
9	requirement	\$ 32,742	FC Ex. 2, Sch. 2.07
10			
11	Funding Difference--FTHCF Support		
12	Reversal of LSS component of		
13	adjustment proposed by Staff	\$ (6,816)	FC Ex. 2, Sch 2.08
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Frontier Communications-Prairie, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Staff Adjusted Amount</u>	<u>Company Adjustment</u>	<u>Company Adjusted</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 1,263,850	\$ 2,665	\$ 1,266,515
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-		-
3	Customer Deposits	Form 23A, P 8, 4040	-	-	-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	42,697	-	42,697
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4	1,221,153	2,665	1,223,818
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	281,987		281,987
8	Less: Depreciation Expense	Form 23A, P 13, 6560	125,636		125,636
9	Total WC Operating Expense	line 7 - line 8	156,351	-	156,351
10	WC OE Requirement	line 9 * 45 / 360	19,544	-	19,544
11	Commission-Ordered Cash Balance Requirement		-	839,187	839,187
12	Total Working Capital Requirement	line 10 + line 11	19,544	839,187	858,731
13	Total Rate Base	line 5 + line 12	1,240,697	841,852	2,082,549
14	Total Operating Revenues	Form 23A, P 11, Total	590,750	113,411	704,161
15	Less: Illinois High Cost Fund		113,592	-	113,592
16	Net Operating Revenues	line 14 - line 15	477,158	113,411	590,569
17	Total Operating Expenses	Form 23A, P 14, Total	281,987		281,987
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	5,585	-	5,585
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	189,586	113,411	302,997
21	Income Tax Expense	line 34	75,203	44,987	120,190
22	Net Operating Income	line 20 - line 21	114,383	68,424	182,807
23	Return on Rate Base	line 22 / line 13	9.22%	8.13%	8.78%
24	After-tax Cost of Capital		10.45%	10.45%	10.45%
25	Target Net Operating Income	line 24 * line 13	129,653	87,974	217,626
26	Adj to Achieve Target Return on RB	line 25 - line 22	15,270	19,550	34,819
27	Gross Revenue Conversion Factor	line 35	1.6575	1.6575	1.6575
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27	25,310	32,404	57,712
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20	189,586	113,411	302,997
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%	13,612	8,143	21,755
32	Net Op Inc before Fed Inc Tax	line 30 - line 31	175,974	105,268	281,242
33	Federal Income Tax Expense	line 32 * 35.00%	61,591	36,844	98,435
34	Total Imputed Income Tax Expense	line 31 + line 33	75,203	44,987	120,190
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .35))	1.6575	1.6575	1.6575

Frontier Communications-Prairie, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Net Regulated Plant		
2	Reduction to reserve balance due to	\$ 2,665	ICC St. Ex. 7.0, Sch. 7.13, pg. 2
3	Staff's depreciation adjustment		
4			
5	Commission-Ordered Cash Balance Requirement		
6	Cash balance requirement per Staff	-	
7	Cash balance requirement per Company	\$ 839,137	FC Ex. 1.0, Sch 1.09
8	Adjustment	\$ 839,137	
9			
10	Total Operating Revenues		
11	Interest Income adjustment associated		
12	with Commission-Ordered cash balance		
13	requirement	\$ 106,547	FC Ex. 2, Sch. 2.07
14			
15	Funding Difference--FTHCF Support		
16	Reversal of LSS component of		
17	adjustment proposed by Staff	\$ 6,864	FC Ex. 2, Sch 2.08
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Frontier Communications-Schuyler, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Staff Adjusted Amount</u>	<u>Company Adjustment</u>	<u>Company Adjusted</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 4,650,688		\$ 4,650,688
2	Materials and Supplies Inventory	Page 2, 13-Month Average	-		-
3	Customer Deposits	Form 23A, P 8, 4040	-	-	-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	32,343	-	32,343
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4	4,618,345	-	4,618,345
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	1,359,382		1,359,382
8	Less: Depreciation Expense	Form 23A, P 13, 6560	278,383	-	278,383
9	Total WC Operating Expense	line 7 - line 8	1,080,999	-	1,080,999
10	WC OE Requirement	line 9 * 45 / 360	135,125	-	135,125
11	Commission-Ordered Cash Balance Requirement		-	599,109	599,109
12	Total Working Capital Requirement	line 10 + line 11	135,125	599,109	734,234
13	Total Rate Base	line 5 + line 12	4,753,470	599,109	5,352,579
14	Total Operating Revenues	Form 23A, P 11, Total	2,360,618	(30,650)	2,329,968
15	Less: Illinois High Cost Fund		245,457	-	245,457
16	Net Operating Revenues	line 14 - line 15	2,115,161	(30,650)	2,084,511
17	Total Operating Expenses	Form 23A, P 14, Total	1,359,382		1,359,382
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	42,652	-	42,652
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	713,127	(30,650)	682,477
21	Income Tax Expense	line 34	282,876	(12,158)	270,718
22	Net Operating Income	line 20 - line 21	430,251	(18,492)	411,759
23	Return on Rate Base	line 22 / line 13	9.05%	-3.09%	7.69%
24	After-tax Cost of Capital		10.45%	10.45%	10.45%
25	Target Net Operating Income	line 24 * line 13	496,738	62,607	559,345
26	Adj to Achieve Target Return on RB	line 25 - line 22	66,487	81,099	147,586
27	Gross Revenue Conversion Factor	line 35	1.6575	1.6575	1.6575
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27	110,202	134,422	244,624
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20	713,127	(30,650)	682,477
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%	51,203	(2,201)	49,002
32	Net Op Inc before Fed Inc Tax	line 30 - line 31	661,924	(28,449)	633,475
33	Federal Income Tax Expense	line 32 * 35.00%	231,673	(9,957)	221,716
34	Total Imputed Income Tax Expense	line 31 + line 33	282,876	(12,158)	270,718
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .35))	1.6575	1.6575	1.6575

Frontier Communications-Schuyler, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Commission-Ordered Cash Balance Requirement		
2	Cash balance requirement per Staff	-	
3	Cash balance requirement per Company	\$ 599,109	FC Ex. 1.0, Sch
4	Adjustment	\$ 599,109	
5			
6	Total Operating Revenues		
7	Interest Income adjustment associated		
8	with Commission-Ordered cash balance		
9	requirement	\$ 76,066	FC Ex. 2, Sch. 2
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11	Funding Difference--FTHCF Support		
12	Reversal of LSS component of		
13	adjustment proposed by Staff	\$ (106,716)	FC Ex. 2, Sch 2.
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Frontier Communications of DePue, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Staff Adjusted Amount</u>	<u>Company Adjustment</u>	<u>Company Adjusted</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 840,962	\$ 4,897	\$ 845,859
2	Materials and Supplies Inventory	Page 2, 13-Month Average	127		127
3	Customer Deposits	Form 23A, P 8, 4040	-	-	-
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	117,926	-	117,926
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4	723,163	4,897	728,060
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	541,592		541,592
8	Less: Depreciation Expense	Form 23A, P 13, 6560	84,188		84,188
9	Total WC Operating Expense	line 7 - line 8	457,404	-	457,404
10	WC OE Requirement	line 9 * 45 / 360	57,176	-	57,176
11	Commission-Ordered Cash Balance Requirement		-	534,471	534,471
12	Total Working Capital Requirement	line 10 + line 11	57,176	534,471	591,647
13	Total Rate Base	line 5 + line 12	780,339	539,368	1,319,707
14	Total Operating Revenues	Form 23A, P 11, Total	792,170	61,967	854,137
15	Less: Illinois High Cost Fund		35,544	-	35,544
16	Net Operating Revenues	line 14 - line 15	756,626	61,967	818,593
17	Total Operating Expenses	Form 23A, P 14, Total	541,592		541,592
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	8,131	-	8,131
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	206,903	61,967	268,870
21	Income Tax Expense	line 34	82,072	24,580	106,653
22	Net Operating Income	line 20 - line 21	124,831	37,387	162,217
23	Return on Rate Base	line 22 / line 13	16.00%	6.93%	12.29%
24	After-tax Cost of Capital		10.45%	10.45%	10.45%
25	Target Net Operating Income	line 24 * line 13	81,545	56,364	137,909
26	Adj to Achieve Target Return on RB	line 25 - line 22	(43,286)	18,977	(24,308)
27	Gross Revenue Conversion Factor	line 35	1.6575	1.6575	1.6575
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27	(71,747)	31,454	(40,291)
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20	206,903	61,967	268,870
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%	14,856	4,449	19,305
32	Net Op Inc before Fed Inc Tax	line 30 - line 31	192,047	57,518	249,565
33	Federal Income Tax Expense	line 32 * 35.00%	67,216	20,131	87,348
34	Total Imputed Income Tax Expense	line 31 + line 33	82,072	24,580	106,653
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .35))	1.6575	1.6575	1.6575

Frontier Communications of DePue, Inc.
Illinois Universal Service Funding Calculation
Based upon ICC Form 23a Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Net Regulated Plant		
2	Reduction to reserve balance due to	\$ 4,897	ICC St. Ex. 7.0, Sch. 7.09, pg. 2
3	Staff's depreciation adjustment		
4			
5	Commission-Ordered Cash Balance Requirement		
6	Cash balance requirement per Staff	-	
7	Cash balance requirement per Company	\$ 534,471	FC Ex. 1.0, Sch 1.09
8	Adjustment	\$ 534,471	
9			
10	Total Operating Revenues		
11	Interest Income adjustment associated		
12	with Commission-Ordered cash balance		
13	requirement	\$ 67,859	FC Ex. 2, Sch. 2.07
14			
15	Funding Difference--FTHCF Support		
16	Reversal of LSS component of		
17	adjustment proposed by Staff	\$ (5,892)	FC Ex. 2, Sch 2.08
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Frontier Companies
Calculation of Interest Income Adjustment
Associated With
Commission-Ordered Cash Balance Requirement

Frontier Company	Commission-Ordered Cash Bal. Req. Adjust.	Return Under Cash Mgt Agreement	Return on Short-term Cash	Gross Revenue Conversion Factor	"Revenue" Adjustment
Frontier of Illinois	\$ 4,759,444	7.66%	\$ 364,573	1.6575	\$ 604,280
Frontier -Midland	\$ 980,039	7.66%	\$ 75,071	1.6575	\$ 124,430
Frontier of Lakeside	\$ 257,886	7.66%	\$ 19,754	1.6575	\$ 32,742
Frontier-Prairie	\$ 839,187	7.66%	\$ 64,282	1.6575	\$ 106,547
Frontier-Schuyler	\$ 599,109	7.66%	\$ 45,892	1.6575	\$ 76,066
Frontier of DePue	\$ 534,471	7.66%	\$ 40,940	1.6575	\$ 67,859

Frontier Companies

Calculation to Remove Local Switching Support (LSS) Adjustment

Component of FTHCF Support Adjustment Proposed by Staff

Frontier Company	2001 LSS Support	2000 LSS Support	Staff LSS Adjustment	Reversal of Staff Adjustment
Frontier of Illinois	\$ 462,408	\$ 361,848	\$ 100,560	\$ (100,560)
Frontier-Midland	\$ 545,268	\$ 415,632	\$ 129,636	\$ (129,636)
Frontier of Lakeside	\$ 68,760	\$ 61,944	\$ 6,816	\$ (6,816)
Frontier-Prairie	\$ 23,700	\$ 30,564	\$ (6,864)	\$ 6,864
Frontier-Schuyler	\$ 267,612	\$ 160,896	\$ 106,716	\$ (106,716)
Frontier of DePue	\$ 64,740	\$ 58,848	\$ 5,892	\$ (5,892)

Frontier Companies
Calculation of Error and Correcting Deferred Tax Adjustment

Alternative Minimum Tax
Calculation of Based on IRS Form 4626

	Description	Frontier of Illinois	Frontier-Midland	Frontier of Lakeside	Frontier-Prairie	Frontier-Schuyler	Frontier of DePue
	1 Taxable income (or loss) before NOL deduction	\$ 3,912,798	\$ 3,182,102	\$ 566,250	\$ 889,352	\$ 4,606,393	\$ 411,557
	2 Adjustments and Preferences						
A	Depreciation of Post-1986 Property	\$ (34,677)	\$ (68,089)	\$ (28,098)	\$ (28,993)	\$ 20,400	\$ 3,726
B	Amort. Of Certified Pollution Control Facilities						
C	Amort. Mining and Exploration & Development Costs						
D	Circulation Expenses (Personal Holding Co.)						
E	Adjusted Gain or Loss	\$ -	\$ -	\$ -	\$ -	\$ (51,467)	\$ -
F	Long-Term Contracts						
G	Installment Sales						
H	Merchant Marine Capital Construction Funds						
I	SEC 833(B) Deduction						
J	Tax Shelter Farm Activities (Pers. Serv. Corp)						
K	Passive Activities						
L	Loss Limitations						
M	Depletion						
N	Tax Exempt Int. Private Activ Bonds Post 8/7/86						
O	Tangible Drilling Costs						
P	Accel. Depr. Of Real Property (Pre-1987)						
Q	Accel. Depr. Of Leased Personal Property (Pre-1987)						
R	Other Adjustments						
S	Combine Lines 2A through 2R	\$ (34,677)	\$ (68,089)	\$ (28,098)	\$ (28,993)	\$ (31,067)	\$ 3,726
	3 Preadjustment Alternative Minimum Tax	\$ 3,878,121	\$ 3,114,013	\$ 538,152	\$ 860,359	\$ 4,575,326	\$ 415,283
	4 Adjusted Current Earnings Adjustment:						
A	Enter Corp's ACE From Line 10 of Worksheet	\$ 3,852,151	\$ 3,079,236				
B	Subtract Line 3 from Line 4A	\$ (25,970)	\$ (34,777)	\$ (538,152)	\$ (860,359)	\$ (4,575,326)	\$ (415,283)
C	Multiply Line 4B by 75%, Enter as Positive	\$ 19,478	\$ 26,083	\$ 6,659	\$ 6,015	\$ 14,157	\$ 797
D	Net increase in prior year ACE adjustment	\$ 293,655	\$ 421,677	\$ 70,527	\$ 54,118	\$ 210,778	\$ 16,086
E	ACE Adjustment	\$ (19,478)	\$ (26,083)	\$ (6,659)	\$ (6,015)	\$ (14,157)	\$ (797)
	5 Combine Lines 3 and 4E. If zero or less, stop here.	\$ 3,858,643	\$ 3,087,930	\$ 531,493	\$ 854,344	\$ 4,561,169	\$ 414,486
	6 Alternative Tax Net Operating Loss Deduction						
	7 Alternative Minimum Taxable Income	\$ 3,858,643	\$ 3,087,930	\$ 531,493	\$ 854,344	\$ 4,561,169	\$ 414,486

Frontier Companies
Calculation of Error and Correcting Deferred Tax Adjustment

From Internal Report: "Over (Under) Payment Analysis"

Description	Source	Frontier of Illinois	Frontier-Midland	Frontier of Lakeside	Frontier-Prairie	Frontier-Schuyler	Frontier of DePue
1 Income Tax Per Federal Return	Page 1, Line 1 * 35% tax rate	\$ 1,369,479	\$ 1,113,736	\$ 198,188	\$ 311,273	\$ 1,612,238	\$ 144,045
2 Alternative Minimum Tax Calculated On Internal Tax Report	Page 1, Line 7 * 20% ATM tax rate	\$ 771,731	\$ 617,622	\$ 106,299	\$ 170,869	\$ 912,234	\$ 82,897
3 Amount Incorrectly Deferred/ Correcting May Entry	Line 1- Line 2	\$ 597,748	\$ 496,114	\$ 91,889	\$ 140,404	\$ 700,004	\$ 61,148